

ton. Mr. Harriman may journey by steamship from New York to New Orleans, thence by rail to San Francisco, across the Pacific Ocean to China, and returning by another route to the United States, may go to Ogdin by any one of three rail lines, and thence to Kansas City or Omaha, without leaving the deck or platform of a carrier which he controls, and without duplicating any part of his journey.

It is added that Mr. Harriman has what appears to be a dominating control in the Illinois Central Railroad, and that within a year his influence has been felt in the East, and that at present the Union Pacific and Oregon Short Line have acquired 18.62 per cent of the stock of the Baltimore & Ohio, for which they paid \$45,490,000, and have invested \$19,034,324.43 in stock of the New York Central.

THE COMMISSIONER'S CONCLUSIONS.

The conclusions which the commission draws are as follows:

The effect of the control of the Southern Pacific by the Union Pacific has been to unify and amalgamate the management of these two railway companies and their steamship lines and to eliminate competition between them in transcontinental business and in business to and from Oriental ports.

The Union Pacific, as has been shown, controls the San Pedro, Los Angeles & Salt Lake Railroad, the stock of which is deposited in the hands of an independent road, extending from Salt Lake, where it connects with the Union Pacific and with the Denver & Rio Grande, to Los Angeles and San Pedro, Cal. There is, therefore, no competition between this line and the Union Pacific and Southern Pacific.

It appears that the Union Pacific also owns \$10,000,000 par value, of the stock of the Atchafalaya, Toluca & Santa Fe Railway Company, and about \$20,000,000 more is owned by individuals connected with the Union Pacific, making \$40,000,000, or substantially 17 per cent of the entire capital stock of the Santa Fe company. Who owns this stock, outside of the \$10,000,000, Mr. Harriman declined to state. Two directors of the Union Pacific are also directors of the Santa Fe company; and there is now a division of the Oriental traffic by the Pacific Mail Steamship Company between the Union Pacific and the Santa Fe systems. It appears that there has also been a division of the fruit traffic between certain California territory and the East, each road taking a certain percentage, and that north of San Francisco the Union Pacific and the Santa Fe have joined and amalgamated their interests in the Northwestern Pacific Railroad, and that a joint control has been inaugurated similar to that of the Alton.

Prior to the acquisition of the Southern Pacific by the Union Pacific, the Denver & Rio Grande system, extending from Denver, where it connects with various lines to the east, to Salt Lake and Ogden, was given equal facilities over the Central Pacific, and thereby practically equal competition between the Union Pacific and the Santa Fe systems. Since the acquisition of the Union Pacific and Southern Pacific and the construction of the San Pedro road, this line has been denied equal facilities in the receipt and transportation of freight over the Central Pacific and the San Pedro lines. Its business, therefore, has decreased, and its ability to compete with the Union Pacific and Southern Pacific has been impaired. On this account the Union Pacific is adding the construction of another line from Ogden to San Francisco.

The joint control of the Alton Railway by the Union Pacific and the Chicago, Rock Island & Pacific Railway Company has undoubtedly eliminated competition between the Alton and the Rock Island between Chicago, St. Louis and Kansas City.

These are conspicuous illustrations of the development of the theory of "community of interest" and "harmony of management," which Mr. Harriman suggested when he demanded representation upon the Santa Fe board.

If the policy of purchasing and controlling stocks in competing lines is permitted to continue, it must mean suppression of competition.

RECOMMENDATIONS MADE.

The recommendations made by the commission are as follows:

(1) The function of a railroad corporation should be confined to the furnishing of transportation. Railroads should not be permitted to invest generally in the stocks, bonds and securities of other railway and of steamship companies, except connecting lines, for the purpose of forming through routes of transportation, including branches and feeders. It is in the interest of the public to facilitate the consolidation of connecting lines. The credit of a railway company is founded upon the resources and prosperity of the country through which it runs. Its surplus funds and credit should be used for the betterment of its lines and in ex-

tensions and branches to develop the country contiguous to it. The testimony taken upon this hearing shows that about 50,000 square miles of territory in the State of Oregon, surrounded by the lines of the Oregon Short Line Railroad Company, the Oregon Railroad & Navigation Company and the Southern Pacific Company, is not developed, while the funds of those companies which could be used for that purpose are being invested in stocks like the New York Central and other lines having only a remote relation to the territory in which the Union Pacific system is located.

Railroad securities should be safe and conservative investments for the people. To this end the risks of the railroad should be reduced to a minimum. Every one knows that railway securities fluctuate more or less, according to the prosperity of the times, and also by reason of the wide speculation in such securities. It therefore adds an element of hazard to a railroad's capital and credit to have its funds invested in the stocks of other companies, thereby endangering its solvency and its ability to pay reasonable dividends upon its own capital stock. It is a serious menace to the financial condition of the country to have large railway systems fail to meet their obligations or go into the hands of receivers, and the object of legislation and administration should be to lessen the risks of railway investments.

(2) It is contrary to public policy, as well as unlawful, for railways to acquire control of parallel and competing lines. This policy is expressed in the federal laws and in the constitutions and laws of nearly every state in the Union. We have examined the constitutions and laws of all the states, and find in about forty of them prohibitions against consolidation of capital stock or franchises of competing railways, or the purchase and acquisition by a railway of competing lines. Competition between railways as well as between other industries is the established policy of the nation. And while the acquisition of a small minority of the stock of a competing line might not decrease the competition, yet the acquisition of any considerable amount of stock, with representation on the board of directors of such railway, unquestionably has the effect of diminishing competition and lessening to that extent its effectiveness. So long as it is the policy of the general government and the states to maintain competition between naturally competing lines, the ownership of any stock by one railway in a competing railway should not be permitted, and such lines of railway should be prohibited from having any common directors or officers.

Great credit for this result is due to those members of the Legislature who have been primarily charged with the shaping of the appropriation bills. They have had the unpleasant duty of resisting the importunate demands of the many who are naturally solicitous for the extension and improvement of government service, and they have labored unrelentingly to provide for all urgent needs, while at the same time striving to keep within necessary limits.

Perhaps the greatest general interest attaches to the disapproval by the Governor of the appropriation of \$15,000 for the lawyers who defended Otto Kelsey, State Superintendent of Insurance when the Governor recommended his removal. His comment on this item contains some brisk censure of Mr. Kelsey, and declares that no justification exists for expecting the state to pay the fees of ex-Justice Hatch, Julius M. Mayer and Danforth E. Ainsworth for their struggles with the Legislature during the Kelsey case. Of this appropriation the Governor says:

There is no justification for this item. The proceedings before the Senate and its committee cannot in any proper sense be called a trial. Neither the superintendent nor his witnesses were cross-examined, nor were witnesses produced against him. Counsel did not appear to prosecute him or to argue in support of the recommendation. The superintendent saw fit to retain counsel to present to the Senate, through the form of question and answer, the matters he desired to have considered. My recommendation was based on his conduct in office. The superintendent could easily and promptly and in a direct manner have given to the Senate by the deposition of his own testimony, or by the deposition of any other matter he thought should be considered. Any competent head of a government service, and they have labored unrelentingly to provide for all urgent needs, while at the same time striving to keep within necessary limits.

RULES AGAINST GRAIN TAX LAW.

Missouri Supreme Court Will Not Dissolve Injunction Against It.

Jefferson City, Mo., July 13.—The Supreme Court denied today the application filed yesterday by the Attorney General, for a writ to dissolve the injunction recently granted by Judge Taylor, of the St. Louis Circuit Court, to prevent the enforcement of the state grain weighing law. The action of the Supreme Court leaves the injunction in force, and the Circuit Court holds jurisdiction in the case.

DEATH IN RUSTY HARROW TOOTH.

The rusty tooth of a harrow caused the death yesterday in the Nassau Hospital, at Mineola, Long Island, of John C. Wells, seventy-three years old, a resident of Mattituck. Mr. Wells succumbed to tetanus.

Mr. Wells on July 4 harrowed a field. The horse shied, throwing the implement against the driver. One of the teeth struck Mr. Wells upon the left leg, making a deep gash. On Wednesday of this week tetanus set in. A widow and one daughter, Mrs. Herbert Conklin, of Mattituck, Long Island, survive the dead man.

NO MONEY FOR KELSEY.

COUNSEL FUND BILL DEAD

Governor Disposes of Appropriation Measures—Million Saved State.

[By Telegraph to The Tribune.]

Albany, July 13.—Governor Hughes today signed the various financial bills, including the annual appropriation and supply bills. Items in these measures disapproved by him will mean a saving to the state of more than \$1,000,000. The total appropriations for the year amount roughly to \$20,000,000, as compared with approximately \$27,000,000 for 1906. A memorandum from the Governor filed with the bills says in general of the appropriations:

The total appropriations (exclusive of canal sinking fund, large canal and highway improvement fund) made by the Legislature this year amount to:

Bills and items disapproved by me amount to, \$1,989,381.45

Leaving a total of \$18,010,618.55

As compared with the appropriations of 1906, \$26,978,928.29

This shows an increase of \$1,804,927.17

What may be called the fixed charges of the administration of government tend constantly to increase with the growth of the state and the necessary extension of governmental activities. Thus, in the Judiciary Department largely by reason of the increased number of judges, the increased appropriations amount to nearly \$200,000. The provision for the Legislature of 1908 to make appropriation for common schools exceeds that made last year by \$150,000. To promote efficiency an increase of \$15,000 has been allowed to the Health Department, and nearly \$25,000 to the Labor Department. To offset these and other increases large reductions have been made in various expenses. The net increase above mentioned is substantially accounted for in the following special items of this year's appropriations:

Increase in appropriation for new educational building (1906, \$400,000; 1907, \$1,500,000) \$1,100,000

Increase in appropriation for purchase of Adirondack lands (1906, \$400,000; 1907, \$500,000) 100,000

Increase in appropriation for purchase of land of court of claims (1906, \$88,000; 1907, \$250,000) 162,000

Increase in appropriation to meet excise rebates (1906, \$400,000; 1907, \$600,000) 200,000

Increase in appropriation for acquisition of grade crossings (1906, \$200,000; 1907, \$300,000) 100,000

Total \$1,772,000

Great credit for this result is due to those members of the Legislature who have been primarily charged with the shaping of the appropriation bills. They have had the unpleasant duty of resisting the importunate demands of the many who are naturally solicitous for the extension and improvement of government service, and they have labored unrelentingly to provide for all urgent needs, while at the same time striving to keep within necessary limits.

Perhaps the greatest general interest attaches to the disapproval by the Governor of the appropriation of \$15,000 for the lawyers who defended Otto Kelsey, State Superintendent of Insurance when the Governor recommended his removal. His comment on this item contains some brisk censure of Mr. Kelsey, and declares that no justification exists for expecting the state to pay the fees of ex-Justice Hatch, Julius M. Mayer and Danforth E. Ainsworth for their struggles with the Legislature during the Kelsey case. Of this appropriation the Governor says:

There is no justification for this item. The proceedings before the Senate and its committee cannot in any proper sense be called a trial. Neither the superintendent nor his witnesses were cross-examined, nor were witnesses produced against him. Counsel did not appear to prosecute him or to argue in support of the recommendation. The superintendent saw fit to retain counsel to present to the Senate, through the form of question and answer, the matters he desired to have considered. My recommendation was based on his conduct in office. The superintendent could easily and promptly and in a direct manner have given to the Senate by the deposition of his own testimony, or by the deposition of any other matter he thought should be considered. Any competent head of a government service, and they have labored unrelentingly to provide for all urgent needs, while at the same time striving to keep within necessary limits.

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An item of \$1,000 for ex-Attorney General Mayer for his appearance in defense of the constitutionality of the appropriation act of last year was allowed. Attorney General Jacoby, when he invited Mr. Mayer to appear in the case "Amicus curiae," explained that his appearance did not bind the state to the payment of any fee.

For a workshop at the Middletown State Homeopathic Hospital, \$2,500; appropriated.

For workshops, Gowanda State Homeopathic Hospital, \$2,500; appropriated.

For porch and sun room, Hudson River State Hospital, \$2,300; appropriated.

For enlargement of reception cottage dining rooms, St. Lawrence State Hospital, \$4,000; appropriated.

For furniture new chronic building, Binghamton State Hospital, \$2,500.

For sewage disposal Kings Park State Hospital, \$2,500.

For installing vacuum cleaner in the State Capitol, \$15,000.

For printing and binding ten thousand copies of the "Appendix to New York," \$25,000.

For printing and binding three thousand copies of the "History of the Canal System of the State of New York, Together with Brief Histories of the Canals of the United States and Canada," \$1,000.

For the repair and improvement of the state highway between South Colton and Piercedale, St. Lawrence County, \$3,000.

For the construction of a fishway at the Stillwater State Dam on the Beaver River, \$2,000.

For a breakwater at Cranberry Lake, \$5,000.

For removing dead timber from the Saranac River, between Lake Flower and the state dam, in Township 24, \$5,000.

For removing dead timber from the Saranac River, between Rainbow dam and Lake Kushquaga, \$5,000.

For removing dead timber from the Deer River above the dam, Dunbar, \$2,000.

For clearing the channel of the Genesee River between Rochester and Mount Morris, \$5,000.

For clearing the hatch basin of the state dam at the junction of the Basilex Kill and Pine Kill, in the town of Manakett, \$200.

For repairing the state dam and lock in the Saranac River, in Harrietstown, Franklin County, \$200, appropriated.

For improving the drainage of the Chemung Canal and Catherine Creek at Watkins and Monticello Falls, \$25,000.

For repairing the pier at the outlet of Keuka Lake at Penn Yan, \$2,500.

For completing the dike along the Chemung River in Elmira, and diking the banks of Hoffman Creek, in the same city, \$7,500.

For improving the Cayuga Inlet at Ithaca and repairing bridges, \$75,000.

For the abolition of grade crossings, \$200,000, to become available on October 1, 1907.

For surveys of the Genesee River, to be made by the State Water Supply Commission, \$2,000.

For surveys on the Deer River, in Lewis County, to be made by the State Water Supply Commission, \$1,000.

For the Legislative Index Publishing Company for copies of the index furnished to the Governor and members of the Legislature in 1907, \$1,500.

Of these items the Governor says:

The items mentioned in this paragraph are objected to as either unnecessary, or as applying to cases not involving any obligation on the part of the state, or as demands upon the Treasury, as inexpedient at this time. So far as they relate to needed repairs or emergency outlays in connection with the state institutions, sufficient provision is made by other appropriations.

Among other expenditures which the Governor cut off were \$200 for a dormitory building at the Indian School at Iroquois, \$4,000 for an addition to the school building and \$10,000 for sodding and dressing Hoffman Island.

Besides the regular appropriation and supply bills, the bills signed by the Governor today include Senator Fuller's, appropriating \$35,000 for an investigation by the State Water Supply Commission of the proposed canal project, and the advisability of state control over Senator Foelker's, appropriating \$20,000 for improvements at Hoffman Island; Senator Raines's, appropriating \$24,150 for buildings and improvements at the Geneva Agricultural Experiment Station; Senator Armstrong's, appropriating \$300,000 to purchase lands for the state park in the Adirondacks, and \$200,000 for the same purpose; Senator Raines's, appropriating \$80,500 for canal claims, and Senator Armstrong's, appropriating \$187,000 for other claims allowed by the Court of Claims.

Mr. Kelsey declined to comment on the cutting out of his appropriation. He will be at liberty to try next year to get it, or within a certain period may present his claim against the state to the Court of Claims if he deems it advisable. In somewhat similar cases in previous years appropriations have been paid by the state.

Disapproval of the item providing for payment of bounties to sugar beet farmers will affect the growers in Senator Raines's district considerably. The annual appropriation is \$15,000. The Governor does not believe in the policy of paying bounties. Of it he says:

In 1897 the Legislature provided for bounties to be paid under specified conditions (including a condition that the growers should not receive more than \$5 a ton) to persons, firms or corporations engaged in the manufacture of sugar from beets grown in this state. Pursuant to this provision large annual appropriations were made, and the price of beets to persons, firms or corporations engaged in the manufacture of sugar from beets grown in this state, pursuant to this provision, was amended so as to provide for payment to the growers of sugar beets, or their assignees, and it was further provided that the grower might assign the amount to which he was entitled to the manufacturer with whom he had a contract to supply beets at a net price of \$5 a ton. Appropriations have since been made accordingly.

I believe that the provision for the payment of bounties either to manufacturers of sugar or to growers of beets is unconstitutional. The payments should not be continued, and the law in question should be repealed.

As the United States Supreme Court has held, the unconstitutionality of such a law does not, however, preclude the incurrence by the state of an obligation to make the stipulated payments to those who have relied upon the law in the conduct of their affairs. For this reason I have not objected to the item in this bill which makes provision for the deficiency in the appropriation for distribution to the growers of sugar beets or their assignees for the season of 1906. It may also be proper for the Legislature of 1908 to make appropriation for the payment of the amount specified in the present law to the extent that it may be justified with reference to the crop of this season already planted and obligations heretofore incurred in good faith for the purchase thereof.

But the policy of paying bounties should not be continued, and to oppose this and to prevent the creation in the future of demands against the state in reliance upon the present law, I disapprove of the above item.

Governor Hughes could not see the necessity for spending \$20,000 for a herd of bison in the Adirondacks, to be maintained by the Forest, Fish and Game Department.

"It is doubtful, to say the least," said he, "whether there ever have been any bison in the Adirondacks, and the policy of attempting to maintain bison there is questionable. In view of the many demands on the treasury of the state and the many improvements which it has been found necessary to curtail, I should not feel justified in approving this item." Neither did he allow an item of \$25,000 for the purchase of lands for the Caledonia State Fish Hatchery, saying that a purchase of that size seemed to require a special development which should be considered further. Delegates to the Farmers' National Congress, for whose benefit \$500 was appropriated, will not get the money, as the Governor could not see why their expenses should be paid more than delegates to other important conventions.

All the items in the appropriation bill for the salaries of commissioners and employees of the Civil and Electrical, Railroad and Grade Crossings commissions are disapproved, as these bodies have been superseded by the Public Service Commissions. These amounts roughly to \$170,000.

Large savings are made in the bill appropriating funds for improvements at the state hospitals. More than \$80,000 was taken from the items for the Kings Park State Hospital alone. The hospitals affected are:

Utica State Hospital—For cold storage and ice plant, \$15,000.

Hudson River State Hospital—For sewage disposal plant, \$20,000; for outside lighting and change in electric lighting system to cottages, \$2,000.

Middletown State Homeopathic Hospital—For salaries for nurses Nos. 1 and 2, \$15,000; for sewing and mending room, power elevator, etc., in connection with new laundry, \$10,000; for alterations and repairs to cottages, \$5,000; for new chrome bath and furnace house with steam supply, \$10,000; for alterations and repairs to cottages, \$5,000.

Buffalo State Hospital—For refrigerator plant, \$12,000.

Binghamton State Hospital—For furniture for acute building, \$7,500.

St. Lawrence State Hospital—For dormitory for attendants, tuberculosis pavilion and outcrop 2, forty-eight beds, \$24,000.

Rochester State Hospital—For building for industries, \$4,000; for alterations, \$2,000.

Kings Park State Hospital—For building for industries, including heating, lighting, plumbing, etc., for cottages, \$10,000; for alterations and improvements at group, including buildings and equipment, \$4,200; for treatment boiler house to replace auxiliary plant at Group 1, \$50,000.

Manhasset State Hospital—For engineer and carpenter shop equipment, \$2,000.

Central Islip State Hospital—For carpenter and mason shop equipment, \$2,000.

Gowanda State Homeopathic Hospital—For cold storage, \$2,500.

These expenditures, in my judgment, are either unnecessary or inexpedient at this time, or as in the case of needed repairs and emergency outlays, are sufficiently provided for by other appropriations. And I append this statement to the bill at the time of signing it.

In addition to these items the Governor vetoed the following:

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